

**Remarks**

This Application has been carefully reviewed in light of the Final Office Action mailed September 23, 2004. Applicants believe that all pending claims are allowable without amendment and respectfully provide the following remarks. Applicants respectfully request reconsideration and allowance of all pending claims.

**I. Claims 1-11, 13-23, and 25-36 are Allowable over *Shavit* under 35 U.S.C. § 102(b)**

The Examiner rejects Claims 1-11, 13-23, and 25-36 under 35 U.S.C. § 102(b) as being anticipated by U.S. Patent 4,799,156 to Shavit, et al. ("*Shavit*"). Applicants respectfully disagree.

*Shavit* discloses an interactive market management system for interactive on-line electronic communications and processing of business transactions between a plurality of independent users, including at least a plurality of sellers, a plurality of buyers, financial institutions, and freight service providers. (Abstract and Column 5, Lines 16-20) The system includes a database that contains user information. (Abstract) Users who subscribe to the services of the interactive market management system have all the services of the system available to them, while non-subscribers may access the system and communicate with databases of subscribers who authorize access. (Column 6, Lines 4-9) Financial services can be made available via the system, allowing financial institutions to lend money to the industry to finance both the distribution channels and the buyer. (Column 8, Lines 23-26) A payment service capability is provided to the user who authorizes the system to carry its payment instructions to the user's bank. (Column 8, Lines 55-58)

**A. Independent Claims 1, 13, and 25 and Their Dependent Claims are Allowable over *Shavit***

Independent Claim 1, for example, recites:

A computer-implemented marketplace for providing one or more financial transaction services to participants in connection with commercial transactions involving the participants, comprising:

a database containing:

registration information for one or more types of transactions available to participants through the marketplace;

participation criteria for each participant specifying one or more types of transactions in which the participant is willing to participate in association with the marketplace, each participant being pre-qualified to enter into the one or more types of transactions specified in the participation criteria for the participant; and

one or more processes each operable to provide an associated financial transaction service for one or more participants in connection with ongoing transactions involving the participants;

the marketplace operable to:

initiate a selected process in response to a specified event associated with an ongoing transaction, according to the registration information and participation criteria, to provide a corresponding financial transaction service to at least one participant involved in the ongoing transaction; and

monitor activities of the at least one participant in the ongoing transaction to assess whether the participant should continue to be pre-qualified to participate in transactions of the same type as the ongoing transaction.

Independent Claims 13 and 25 recite analogous limitations.

*Shavit*, whether considered alone or in combination with knowledge generally available to those of ordinary skill in the art at the time of invention, fails to disclose, teach, or suggest various limitations recited in independent Claims 1, 13, and 25. Applicants discuss Claim 1 as an example.

For example, Applicants maintain that *Shavit* fails to disclose, teach, or suggest a database containing “participation criteria for each participant specifying one or more types of transactions in which the participant is willing to participate in association with the marketplace, each participant being pre-qualified to enter into the one or more types of transactions specified in the participation criteria for the participant,” as recited in Claim 1. As purportedly disclosing these limitations, the Examiner cites the following portion of *Shavit*: “Users who subscribe to the services of the interactive market management system have all the services of the system available to them while non-subscribers may access the system and communicate with data bases of subscribers who authorize such access.” (See Final Office Action, Page 2 citing Column 6, Lines 4-9)

First, the cited excerpt merely discloses that users subscribing to the interactive market management system disclosed in *Shavit* automatically have all the services of the system available to them. Such disclosure clearly fails to disclose, teach, or suggest a database containing “participation criteria for each participant” that “*specifies one or more types of transactions in which the participant is willing to participate,*” as recited in Claim 1.

Second, the cited excerpt of *Shavit* clearly fails to disclose, teach, or suggest participation criteria stored in a database wherein “*each participant [is] pre-qualified to enter into the one or more types of transactions [in which the participant is willing to participate in association with the marketplace] specified in the participation criteria for the participant,*” as recited in Claim 1.

As another example, Applicants maintain that *Shavit* fails to disclose, teach, or suggest a marketplace operable to “*initiate a selected process in response to a specified event associated with an ongoing transaction, according to the registration information and participation criteria, to provide a corresponding financial transaction service to at least one participant involved in the ongoing transaction,*” as recited in Claim 1. At least because *Shavit* fails to disclose, teach, or suggest the participation criteria recited in Claim 1, *Shavit* necessarily also fails to disclose, teach, or suggest a marketplace operable to “*initiate a selected process in response to a specified event associated with an ongoing transaction, according to the registration information and participation criteria [contained in the database],*” as recited in Claim 1.

As yet another example, Applicants maintain that *Shavit* fails to disclose, teach, or suggest a marketplace operable to “*monitor activities of the at least one participant in the ongoing transaction to assess whether the participant should continue to be pre-qualified to participate in transactions of the same type as the ongoing transaction,*” as recited in Claim 1. The portion of *Shavit* cited by the Examiner as purportedly disclosing these limitations merely discloses a method for performing a level-3 security validation as part of a sign-in function. (See Column 20, Lines 64-67 and Figure 8) The level-3 security validation disclosed in *Shavit* is merely an authorization procedure verifying that the user is allowed to

access a selected service, including whether a selected party is willing to communicate with the selecting party. (See Column 10, Lines 21-27; Column 21, Lines 14-30)

Such disclosures of *Shavit* clearly fail to disclose, teach, or suggest a marketplace operable to “monitor activities of the at least one participant in the ongoing transaction” and even more clearly to monitor the activities in the ongoing transaction “to assess whether the participant should continue to be pre-qualified to participate in transactions of the same type as the ongoing transaction,” as recited in Claim 1. The level-3 security validation method disclosed in *Shavit* (i.e. determining whether a selected party has agreed to communicate with a selecting party) simply would not enable an assessment of “whether the participant should continue to be pre-qualified to participate in transactions of the same type as the ongoing transaction,” as recited in Claim 1. This is especially true in light of *Shavit*’s failure to disclose, teach, or suggest participation criteria stored in a database wherein “each participant [is] pre-qualified to enter into the one or more types of transactions [in which the participant is willing to participate in association with the marketplace] specified in the participation criteria for the participant,” as recited in Claim 1.

Applicant respectfully notes that “[a] claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference.” *Verdegaal Bros. v. Union Oil Co. of California*, 2 U.S.P.Q.2d 1051, 1053 (Fed. Cir. 1987); M.P.E.P. § 2131. In addition, “[t]he elements must be arranged as required by the claim.” *Richardson v. Suzuki Motor Co.*, 9 U.S.P.Q.2d 1913, 1920 (Fed. Cir. 1989); *In re Bond*, 15 U.S.P.Q.2d 1566 (Fed. Cir. 1990); M.P.E.P. § 2131. As the many distinctions discussed above illustrate, *Shavit* fails to disclose, either expressly or inherently, each and every limitation recited in Applicants’ Claim 1, as is required under the M.P.E.P. and governing Federal Circuit cases.

For at least these reasons, Applicants respectfully request reconsideration and allowance of independent Claim 1 and its dependent claims. For at least analogous reasons, Applicants also respectfully request reconsideration and allowance of independent Claims 13 and 25 and their dependent claims.

**B. Independent Claims 26, 31, and 36 and Their Dependent Claims are Allowable over *Shavit***

Independent Claim 26, for example, recites:

Software operating at a computer-implemented marketplace for settling a commercial transaction between a buyer and a seller, the software being embodied in a computer-readable medium and when executed operable to:

- receive an order for at least one item from the buyer, the buyer being associated with stored participation criteria accessible to the marketplace that specifies one or more types of transactions in which the buyer is willing to participate in association with the marketplace, the participation criteria indicating that the buyer is willing to participate in purchase transactions, the buyer being pre-qualified to enter into the one or more types of transactions specified in the participation criteria for the buyer, the order received from the buyer initiating a purchase transaction;

- communicate the order to the seller for fulfillment of the order;

- receive notification from the seller in response to shipping of the item;

- receive notification from the buyer in response to acceptance of the item;

- communicate payment instructions to at least one financial agent associated with the buyer;

- receive payment from the financial agent associated with the buyer;

- communicate the payment to a financial agent associated with the seller;

- receive notification from the seller in response to acceptance of the payment

- communicate accounting information reflecting settlement of the transaction; and

- monitor activities of the buyer in the purchase transaction to assess whether the buyer should continue to be pre-qualified to participate in purchase transactions.

Independent Claims 31 and 36 recite analogous limitations.

*Shavit*, whether considered alone or in combination with knowledge generally available to those of ordinary skill in the art at the time of invention, fails to disclose, teach, or suggest various limitations recited in independent Claims 26, 31, and 36. Applicants discuss Claim 26 as an example.

For example, *Shavit* fails to disclose, teach, or suggest “the buyer being associated with stored participation criteria accessible to the marketplace that specifies one or more types of transactions in which the buyer is willing to participate in association with the

marketplace, the participation criteria indicating that the buyer is willing to participate in purchase transactions, the buyer being pre-qualified to enter into the one or more types of transactions specified in the participation criteria for the buyer, the order received from the buyer initiating a purchase transaction,” as recited in Claim 26. As discussed above, *Shavit* discloses that “[u]sers who subscribe to the services of the interactive market management system have all the services of the system available to them while non-subscribers may access the system and communicate with the databases of subscribers who authorize such access.” (Column 6, Lines 4-9) This disclosure, however, fails to disclose, teach, or suggest “the buyer being associated with stored participation criteria, stored in a database accessible to the marketplace, which *specifies one or more types of transactions in which the buyer is willing to participate in association with the marketplace, the participation criteria indicating that the buyer is willing to participate in purchase transactions,*” as recited in Claim 26. Furthermore, as discussed above with reference to independent Claim 1, *Shavit* fails to disclose, teach, or suggest “*the buyer being pre-qualified to enter into the one or more types of transactions specified in the participation criteria for the buyer,*” as recited in Claim 26.

As another example, as discussed above with reference to Claim 1, *Shavit* fails to disclose, teach, or suggest software operable to “monitor activities of the buyer in the purchase transaction to assess whether the buyer should continue to be pre-qualified to participate in purchase transactions,” as recited in Claim 26.

Applicant reiterates the legal standard incumbent on the Examiner for demonstrating that a reference anticipates the claims of an application. As illustrated above, *Shavit* fails to disclose, either expressly or inherently, each and every limitation recited in Applicants' Claim 26, as is required under the M.P.E.P. and governing Federal Circuit cases.

For at least these reasons, Applicants respectfully request reconsideration and allowance of independent Claim 26 and its dependent claims. For at least analogous reasons, Applicants also respectfully request reconsideration and allowance of independent Claims 31 and 36 and their dependent claims.

**II. Dependent Claims 37-44 are Allowable over *Shavit* under 35 U.S.C. § 103(a)**

The Examiner rejects Claims 37-44 under 35 U.S.C. § 103(a) as being unpatentable over *Shavit*. Applicants respectfully disagree.

Dependent Claims 37-38 (which depend from independent Claim 1), dependent Claims 39-40 (which depend from independent Claim 13), dependent Claims 41-42 (which depend from independent Claim 26), and dependent Claims 43-44 (which depend from independent Claim 31) depend from independent claims that Applicants have shown above to be clearly allowable over *Shavit*. Dependent Claims 37-44 are allowable for at least this reason. Additionally, dependent Claims 37-44 recite further patentable distinctions over *Shavit*.

For example, dependent Claim 38 recites that “the marketplace is further operable to automatically modify the pre-qualification of the at least one participant based on the monitoring of the activities of the participant in the ongoing transaction if such modification is determined to be appropriate.” Dependent Claims 40, 42, and 44 recite analogous limitations. The Examiner acknowledges that *Shavit* fails to disclose the limitations recited in these claims. (See Final Office Action, Page 7) However, the Examiner states:

Shavit discloses an electronic marketplace wherein the marketplace is further operable to automatically modify a variety of information of participants based on automated interactive information service with the participants' computer information systems, including the activities of the participant in the ongoing transaction (Col. 8, ll. 5-22). It would have been obvious to an ordinary practitioner in the art at the time of Applicant's invention to modify the pre-qualification of the at least one participant based on the monitoring of the activities of the participant in the ongoing transaction if such modification is determine to be appropriate based on the interactive information exchange taught by Shavit to [achieve] the dramatic new efficiencies made available to prospective and current participants in an electronic marketplace system (Shavit, Col. 1, ll. 61-68).

(Final Office Action, Page 7)

Even assuming for the sake of argument that *Shavit* disclosed “an electronic marketplace wherein the marketplace is further operable to automatically modify a variety of information of participants,” as asserted by the Examiner, Applicants respectfully submit that

the Examiner still has not shown the requisite teaching, suggestion, or motivation in *Shavit* or in knowledge generally available to one of ordinary skill in the art at the time of Applicants' invention to modify *Shavit* in the manner the Examiner proposes. Applicants respectfully submit that the Examiner's conclusory assertion that it would have been obvious to modify the teachings of *Shavit* to arrive at Applicants' invention is insufficient to support a *prima facie* case of obviousness under 35 U.S.C. § 103(a) under the M.P.E.P. and the governing Federal Circuit case law. Claims 38, 40, 42, and 44 are allowable for at least this additional reason.

The question raised under 35 U.S.C. § 103 is whether the prior art taken as a whole would suggest the claimed invention taken as a whole to one of ordinary skill in the art at the time of the invention. Accordingly, even if all elements of a claim are disclosed in various prior art references, which is certainly not the case here as even the Examiner admits, the claimed invention taken as a whole cannot be said to be obvious without some reason given in the prior art why one of ordinary skill at the time of the invention would have been prompted to modify the teachings of a reference to arrive at the claimed invention. It is clear based at least on the many distinctions discussed above that the proposed modifications to *Shavit* does not, taken as a whole, suggest the claimed invention, taken as a whole. Applicants respectfully submit that the Examiner appears to have merely modified portions of *Shavit*, with the benefit of hindsight using Applicants' claims as a blueprint, to reconstruct Applicants' claims.

The M.P.E.P. sets forth the strict legal standard for establishing a *prima facie* case of obviousness based on modification or combination of prior art references. "To establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references where combined) must teach or suggest all the claim limitations." M.P.E.P. § 2142, 2143. The teaching, suggestion, or motivation for the modification or combination and the reasonable expectation of success must both be found in the prior art and cannot be based on an applicant's disclosure. *See Id.* (citations omitted). "Obviousness can



only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either explicitly or implicitly in the references themselves or in the knowledge generally available to one of ordinary skill in the art at the time of the invention." M.P.E.P. § 2143.01. Even the fact that references can be modified or combined does not render the resultant modification or combination obvious unless the prior art teaches or suggests the desirability of the modification or combination. *See Id.* (citations omitted). Moreover, "To establish *prima facie* obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art. All words in a claim must be considered in judging the patentability of that claim against the prior art." M.P.E.P. § 2143.03 (citations omitted).

The governing Federal Circuit case law makes this strict legal standard even more clear.<sup>1</sup> According to the Federal Circuit, "a showing of a suggestion, teaching, or motivation to combine or modify prior art references is an essential component of an obviousness holding." *In re Sang-Su Lee*, 277 F.3d 1338, 1343, 61 U.S.P.Q.2d 1430, 1433 (Fed. Cir. 2002) (quoting *Brown & Williamson Tobacco Corp. v. Philip Morris Inc.*, 229 F.3d 1120, 1124-25, 56 U.S.P.Q.2d 1456, 1459 (Fed. Cir. 2000)). "Evidence of a suggestion, teaching, or motivation . . . may flow from the prior art references themselves, the knowledge of one of ordinary skill in the art, or, in some cases, the nature of the problem to be solved." *In re Dembiczak*, 175 F.3d 994, 999, 50 U.S.P.Q.2d 1614, 1617 (Fed. Cir. 1999). However, the "range of sources available . . . does not diminish the requirement for actual evidence." *Id.* Although a prior art device "may be capable of being modified to run the way the apparatus is claimed, there must be a suggestion or motivation in the reference to do so." *In re Mills*, 916 F.2d at 682, 16 U.S.P.Q.2d at 1432. *See also In re Rouffet*, 149 F.3d 1350, 1357, 47 U.S.P.Q.2d 1453, 1457-58 (Fed. Cir. 1998) (holding a *prima facie* case of obviousness not made where the combination of the references taught every element of the claimed invention but did not provide a motivation to combine); *In Re Jones*, 958 F.2d 347, 351, 21 U.S.P.Q.2d 1941, 1944 (Fed. Cir. 1992) ("Conspicuously missing from this record is any evidence, other than the PTO's speculation (if that can be called evidence) that one of ordinary skill in the herbicidal art would have been motivated to make the modification of the prior art salts

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<sup>1</sup> Note M.P.E.P. 2145 X.C. ("The Federal Circuit has produced a number of decisions overturning obviousness rejections due to a lack of suggestion in the prior art of the desirability of combining references.").

necessary to arrive at" the claimed invention.). Even a determination that it would have been obvious to one of ordinary skill in the art at the time of the invention to try the proposed modification or combination is not sufficient to establish a *prima facie* case of obviousness. *See In re Fine*, 837 F.2d 1071, 1075, 5 U.S.P.Q.2d 1596, 1599 (Fed. Cir. 1988).

In addition, the M.P.E.P. and the Federal Circuit repeatedly warn against using an applicant's disclosure as a blueprint to reconstruct the claimed invention. For example, the M.P.E.P. states, "The tendency to resort to 'hindsight' based upon applicant's disclosure is often difficult to avoid due to the very nature of the examination process. However, impermissible hindsight must be avoided and the legal conclusion must be reached on the basis of the facts gleaned from the prior art." M.P.E.P. § 2142. The governing Federal Circuit cases are equally clear. "A critical step in analyzing the patentability of claims pursuant to [35 U.S.C. § 103] is casting the mind back to the time of invention, to consider the thinking of one of ordinary skill in the art, guided only by the prior art references and the then-accepted wisdom in the field. . . . Close adherence to this methodology is especially important in cases where the very ease with which the invention can be understood may prompt one 'to fall victim to the insidious effect of a hindsight syndrome wherein that which only the invention taught is used against its teacher.'" *In re Kotzab*, 217 F.3d 1365, 1369, 55 U.S.P.Q.2d 1313, 1316 (Fed. Cir. 2000) (citations omitted). In *In re Kotzab*, the court noted that to prevent the use of hindsight based on the invention to defeat patentability of the invention, this court requires the examiner to show a motivation to combine the references that create the case of obviousness. *See id.* *See also, e.g., Grain Processing Corp. v. American Maize-Products*, 840 F.2d 902, 907, 5 U.S.P.Q.2d 1788, 1792 (Fed. Cir. 1988). Similarly, in *In re Dembiczak*, the Federal Circuit reversed a finding of obviousness by the Board, explaining that the required evidence of such a teaching, suggestion, or motivation is essential to avoid impermissible hindsight reconstruction of an applicant's invention:

Our case law makes clear that the best defense against the subtle but powerful attraction of hind-sight obviousness analysis is *rigorous application of the requirement for a showing of the teaching or motivation to combine prior art references*. Combining prior art references without evidence of such a suggestion, teaching, or motivation simply takes the inventor's disclosure as a blueprint for piecing together the prior art to defeat patentability—the essence of hindsight.

175 F.3d at 999, 50 U.S.P.Q.2d at 1617 (emphasis added) (citations omitted).

With respect to the Examiner's proposed modifications to *Shavit*, Column 8, Lines 5-22 of *Shavit* merely disclose that in the interactive mode, the system disclosed in *Shavit* may retrieve and modify information on a remote database. (See Column 8, Lines 8-12) The cited portion of *Shavit* does not include even the slightest reference to pre-qualification of participants, monitoring activities of the participants in an ongoing transaction, or automatically modifying the prequalification of a participant (based on the monitoring) if such modification is determined to be appropriate. Applicants must conclude that the Examiner's proposed modifications to *Shavit* appear to be merely an attempt to reconstruct Applicants' claims, with the benefit of hindsight using Applicants' claims as a blueprint, and are unsupported by the teachings of *Shavit*.

Additionally, the Examiner's supposed motivation for modifying *Shavit* is *Shavit*'s statement of an advantage of its system (i.e. that dramatic new efficiencies can be provided by the configuration of on-line interactive concurrent electronic services). (See Column 1, Lines 61-68) It certainly would not have been obvious to one of ordinary skill in the art at the time of the invention, based solely on the prior art, *to even attempt* to modify *Shavit* to include pre-qualification of participants, monitoring activities of the participants in an ongoing transaction, or automatically modifying the prequalification of a participant (based on the monitoring) if such modification is determined to be appropriate. Even more clearly, it certainly would not have been obvious to one of ordinary skill in the art at the time of the invention, based solely on the prior art, *to actually* modify *Shavit* to include pre-qualification of participants, monitoring activities of the participants in an ongoing transaction, or automatically modifying the prequalification of a participant (based on the monitoring) if such modification is determined to be appropriate, which would be required to establish a *prima facie* case of obviousness under the M.P.E.P. and the governing Federal Circuit case law. This is particularly true in light of the fact that, as Applicants demonstrated above with respect to independent Claim 1, *Shavit* fails to even disclose, teach, or suggest "participation criteria for each participant" wherein "each participant [is] prequalified to enter into the one or more types of transactions specified in the participation criteria for the participant" and a

marketplace operable to “monitor activities of the at least one participant in the ongoing transaction to assess whether the participant should continue to be pre-qualified to participate in transactions of the same type as the ongoing transaction,” as recited in Claim 1 for example.

Accordingly, since the prior art fails to provide the required teaching, suggestion, or motivation to modify *Shavit* in the manner the Examiner proposes, Applicants respectfully submit that the Examiner’s conclusions set forth in the Final Office Action fall well short of the requirements set forth in the M.P.E.P. and the governing Federal Circuit case law for demonstrating a *prima facie* case of obviousness. Thus, Applicants again respectfully submit that the Examiner's proposed modifications of *Shavit* appears to be merely an attempt to reconstruct Applicants’ claims, with the benefit of hindsight using Applicants’ claims as a blueprint, and are unsupported by the teachings of *Shavit*. Applicants respectfully submit that the rejection must therefore be withdrawn.

For at least these reasons, Applicants respectfully request reconsideration and allowance of dependent Claims 37-44.

### **III. No Waiver**

All of Applicants’ arguments and amendments are without prejudice or disclaimer. Additionally, Applicants have merely discussed example distinctions from the references cited by the Examiner. Other distinctions may exist, and Applicants reserve the right to discuss these additional distinctions in a future Response or on Appeal, if appropriate. By not responding to additional statements made by the Examiner, Applicants do not acquiesce to the Examiner's additional statements. The example distinctions discussed by Applicants are sufficient to overcome the Examiner’s rejections.

**Conclusion**

Applicants have made an earnest attempt to place this case in condition for allowance. For at least the foregoing reasons, and for other reasons clearly apparent, Applicants respectfully request full allowance of all pending claims.

If the Examiner believes a telephone conference would advance prosecution of this case in any way, the Examiner is invited to contact Christopher W. Kennerly, Attorney for Applicants, at the Examiner's convenience at (214) 953-6812.

Although Applicants believe no fees are due, the Commissioner is hereby authorized to charge any fees or credit any overpayments to Deposit Account No. 02-0384 of Baker Botts L.L.P.

Respectfully submitted,

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